

Investment Summary
Superstition Villas Apartments
Mesa, Arizona



Property Description: Superstition Villas is a 249-unit apartment complex built in 1981, located in Mesa, AZ off of US 60 providing convenient access throughout Phoenix. Mesa is one of Phoenix's best multi-family metropolitan markets, offering huge upside potential.

Purchase Date: 2/28/04

Purchase Price: \$8,352,500 (\$33,544/unit)

Renovation Budget: \$1,528,247 (\$6,137/unit)

Lender: New South Federal Bank \$6,865,000

Equity Investment: \$1,976,149

Business Plan: The property possesses several value-added characteristics which makes the opportunity extremely rare in today's competitive investment environment. This investment is a value-added opportunity with current rents significantly below market value and occupancy levels trailing the rest of the market by more than 15 percentage points. The property had absentee owners for more than 10 years has led to property neglect from both a capital improvement and property management standpoint offering a significant renovation and repositioning opportunity. Located off of US 60, the property offers residents convenient access to major employers throughout the Phoenix Metropolitan area as well as Arizona State University, University of Phoenix and the Fiesta and Superstition regional malls.

Projected Returns: The Proforma projected an Internal Rate of Return of 19.7% to investors, based upon a 5 year holding period. Cash flow projections anticipated a refinance in the third year of ownership resulting in a return of approximately _____ of the investor equity.

Market Highlights:

- Current Average Market rate per unit- \$53,220
- Market Vacancy rates have fallen from 10.6% to 9.1%
- The Phoenix multi-family absorption is estimated to increase to 6000 units this year
- Hendricks & Partners, a National Multifamily Research Company's 2005 Forecast is "The Phoenix metro economy is expected to remain near the top in the nation in terms of job growth over the next several years—a fact that, along with a slowdown in apartment development and rising home prices, should continue to spawn improvement within the Valley's apartment market."

CALIFORNIA OFFICE
11520 SAN VICENTE BLVD STE 203
LOS ANGELES, CA 90049

ARIZONA OFFICE
10171 E SADDLEHORN TRAIL
SCOTTSDALE, AZ 85255

FLORIDA OFFICE
1609 SW 5TH STREET
FT. LAUDERDALE, FL 33312